

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

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| IN RE: IES UTILITIES INC., n/k/a INTERSTATE POWER AND LIGHT COMPANY | DOCKET NO. PSA-01-1 |
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ORDER ADDRESSING REQUESTS FOR EXCEPTIONS

(Issued May 21, 2002)

On December 13, 2001, the Utilities Board (Board) issued an order opening a docket concerning violations of federal and Board pipeline safety regulations by IES Utilities Inc., n/k/a Interstate Power and Light Company (IES). The Board ordered IES to file a report by January 31, 2002, containing a plan for corrective action and to take the corrective action indicated by the plan. The Board also ordered IES to file monthly progress reports showing the corrective action taken and providing an explanation of why any scheduled corrective action was not completed.

IES filed a "Plan for Corrective Action" on January 30, 2002. One of the issues the Board's order required IES to address was a history of pipeline pressure tests which met the federal minimum safety standards adopted by the Board, but not IES's own more stringent company standards. In its plan, IES stated that inadequately tested lines from 2000 and beyond would be taken out of service and retested according to current IES requirements. Exceptions to this policy would be upon approval of Board's Safety and Engineering section.

In separate letters, received on April 19, 23, and 29, 2002, responding to previous pipeline safety code compliance inspections by Board staff, IES requested that Board staff approve three exceptions for pressure testing. Board staff determined that it did not have authority to grant such exceptions and forwarded these requests to the Board. The letters are filed in File No. R-150. The Board will address the letters in this docket since they reference a process proposed as part of the Plan for Corrective Action. The Board finds that the procedure proposed by IES in the Plan for Corrective Action, to request exceptions from Board staff, does not comply with the Board's procedures for waivers of pipeline safety standards. See 199 IAC 10.12(1)"b" and 19.5(2)"a"(2). (Federal rules referenced in these Board rules require compliance with federal standards and the company's own more stringent standards). The procedures in the Plan for Corrective Action will be modified to require a formal waiver request where pressure testing does not meet IES testing requirements. In addition to the safety concerns that a waiver must address, any request must also comply with the Board's waiver rules at 199 IAC 1.3.

Even though the requests were made to Board staff, the Board will address the specific facts of each exception. All requests for waiver of pipeline safety regulations or more stringent IES standards must be filed as waivers in the future.

EXCEPTION 1

On April 19, 2002, IES filed a follow-up response letter to the 2001 pipeline safety code compliance inspection of the Belmond District by Board staff. In the

letter, IES requested permission to not retest a section of main in an alley in Belmond. The pipe in question is a 15-foot long section of 4-inch steel main that was replaced in conjunction with a city water project in 2000. The main was tested in a manner that met the minimum federal safety standards but not IES's standards. IES states that the main is under new concrete in the alley and removing it would have an adverse affect on the city of Belmond.

The Board finds that the circumstances of the request do not create a special circumstance for which a waiver of pressure testing will be granted. It is commonplace for gas mains to be placed under concrete, both new and old, and to test the mains the concrete will have to be disturbed. There appears to be no special circumstance concerning this gas main or the need to remove and replace pavement over the main. Since the line is in an alley, it should have only a minimal impact on local traffic and there is no indication that testing this segment would adversely affect gas service in the area.

Examples of when a waiver might be granted would be where achieving after-the-fact compliance would be cost prohibitive, or would unduly affect service or activities of third parties. These examples are not an exclusive list and are provided only for future guidance. The Board finds the information provided by IES to support the request for this exception is not sufficient to waive the pressure testing requirements.

EXCEPTION 2

On April 29, 2002, IES filed a follow-up response letter to the 2001 pipeline safety code compliance inspection of the Iowa Falls District by Board staff. In the letter, IES requested that it not be required to retest the first five or six feet of a 2-inch diameter service line installed in 2000, serving the Hardin County Courthouse in Eldora, Iowa. The service line is approximately one block long and is apparently polyethylene plastic and was tested in a manner that met the minimum federal safety standards, but not IES's standards. IES states exposing the five to six feet of service line attachment to the main would require cutting the city of Eldora's new concrete and would have an adverse affect on the city of Eldora. IES advises that by moving the excavation under the exception, it would be in an alley where only old concrete would be cut.

This request is similar to the request for the Belmond District discussed in Exception 1. The Board finds that the facts of this request do not create a special circumstance that would support a waiver of the pressure testing requirements. The fact that a pipeline is under concrete, new or old, does not constitute a special circumstance.

EXCEPTION 3

On April 23, 2002, IES filed a follow-up response letter to the 2001 pipeline safety code compliance inspection of the Grinnell District by Board staff. In the letter, IES requests acceptance of the initial pressure test on a 4-inch steel line serving an

industrial park on the south side of Grinnell. In 1995, the maximum allowable operating pressure (MAOP) pressure on the line was raised from 60 to 125 psig, but the new pressure was not supported by a pressure test as required by the MAOP determination criteria of § 192.619(a)(2)(ii). IES states that its test procedures were intended only for new pipeline installations, a distinction inadvertently not made in those procedures, and those procedures have now been revised to allow test variations for existing lines.

This exception request does not involve a situation where a pressure test complied with federal standards, but not IES standards. This situation arises from the failure to pressure test to support a higher maximum allowable operating pressure as required by federal standards. IES does not contend that pressure testing of this pipeline would be subject to any special circumstances such as those discussed in Exception 1 and 2. IES cites only the subsequent revision of IES's testing procedures in support of the exception.

The Board finds that the revision of testing procedures is not a sufficient reason to support a waiver of pipeline safety rules.

IT IS THEREFORE ORDERED:

1. The three requests for exceptions to the pipeline safety rules filed by IES Utilities Inc., n/k/a Interstate Power and Light Company, as described in this order, are denied.

2. The "Plan for Corrective Action" filed by IES Utilities Inc., n/k/a Interstate Power and Light Company, shall be modified as described in this order.

3. Copies of the letters received on April 19, 23, and 29, 2002, discussed in this order, shall be filed in Docket No. PSA-01-1.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 21st day of May, 2002.